

**Finance Monitoring Outturn 2019/20**

<b>Relevant Portfolio Holder</b>	Councillor Geoff Denaro Portfolio Holder for Finance and Enabling Services
<b>Relevant Head of Service</b>	Jayne Pickering, Executive Director Finance and Corporate Resources
<b>Non-Key Decision</b>	

**1. Purpose and Summary**

- 1.1 To report to Cabinet on the Council's financial position for both Revenue and Capital for the Financial Year April 2019 – March 2020.

**2. Recommendations**

- 2.1 That Cabinet is asked to resolve to note the current financial position in relation to revenue and capital budgets for the Financial Year April 2019 – March 2020 as detailed in the report.

**That Cabinet recommend to Council**

- 2.2 Approval of the movement of £381k in existing reserves as included in Appendix 1.
- 2.3 Approval of the addition of new reserves of £1,411k as included in Appendix 1.
- 2.4 Approval of the carry forward to the 2020/21 capital programme of £8,600k as detailed in Appendix 3
- 2.5 Approval of an increase in the 2020/21 Capital Programme of £163k for Disabled Facilities Grants. This is due to the budget allocations having now been announced by the Ministry of Housing, Communities and Local Government (MHCLG). This will increase the available budget to £913k. (See 6.1)
- 2.6 Approval of an increase in the 2020/21 Capital Programme of £119k for additional funds towards the already approved capital project for Environmental services new IT system (See 6.2 and appendix 6) to be funded from borrowing.

- 2.7 Approval of the funding from balances of the overspend from the demolition of the Dolphin Centre of £217k. (See 6.3).
- 2.8 Approval of an increase in the 2020/21 Capital programme 2019/20 of £100k due to match funding being received for a ULEV Taxi infrastructure scheme in Bromsgrove. (See 6.4)
- 2.9 Approval of increase to the revenue budget for 2020/21 due to receiving £40k SEP Grant (Strategic Economic Plan) (See 3.5)
- 2.10 Approval of an increase to the Capital programme 2020/21 of £13k s106 monies for the Bromsgrove Town Centre (See 6.5)
- 2.11 Approval for an increase to the Capital programme 2020/21 of £150k ringfenced capital receipts for a grant to be provided to BDHT for the provision on new affordable homes. (See 6.6)

### **3 Revenue budgets**

- 3.1 This report provides details of the financial outturn performance of the Council for 2019/20. The report reflects the finances across all of the Strategic Purposes to enable Members to be aware of the level of funding attributed to each area and how this compares to budget. The summary below shows the financial revenue position for the Council for 2019/20.
- 3.2 Financial reports are sent to budget holders on a monthly basis. As part of this process a detailed review is undertaken with support from the finance team to ensure that all issues are considered and significant savings or cost pressures are addressed. This report explains the key variances to budget for 2019/20.
- 3.3 The £11.838m original budget as included in the table below is made up of the budget approved in February 2019 of £11.676m, which is then adjusted to reflect the approved transfers from reserves of £159k held in Corporate Financing.
- 3.4 In addition the revised 2019-20 budget of £11.672m includes transfers to/from reserves of £925k which is shown in appendix 1 (£133k is within Corporate Financing), use of balances of £1,151k along with savings virements of £244k (total savings is £396k of which £152k is within corporate financing).

**Revenue Budget summary  
Financial Year 2019/20 – Overall Council**

Please note figures have been rounded

<b>Strategic Purpose</b>	<b>Original Budget 2019/20 £'000</b>	<b>Revised budget 2019/20 £'000</b>	<b>Actuals 2019/20 £'000</b>	<b>Variance 2019/20 £'000</b>
Keep my place safe and looking good	4,492	4,233	4,368	136
Help me run a successful business	-506	-537	-520	17
Help me be financially independent	231	156	194	38
Help me to live my life independently	-58	-100	-96	4
Help me find somewhere to live in my locality	677	683	632	-51
Provide Good things for me to see, do and visit	684	1,790	1,762	-28
Enable others to work/do what they need to do (to meet their purpose)	6,318	5,595	5,282	-314
<b>Total</b>	<b>11,838</b>	<b>11,820</b>	<b>11,622</b>	<b>-198</b>
Corporate Financing	-11,838	-11,820	-11,852	-32
<b>Grand Total</b>	<b>0</b>	<b>0</b>	<b>-231</b>	<b>-231</b>

**Financial Commentary:**

There are a number of variances across the strategic purposes. The summary above shows the overall 2019/20 revenue position for the Council and the main variations are as a result of:

**Keep my place safe and looking good (£136k over budget)**

These budgets include those relating mainly to environmental services, planning, CCTV and other activities to deliver against the purpose ensuring an area is both safe and attractive for the community.

The variance position is explained as below:

- Bereavement services have received less income than expected from burial fees and therefore has a year end variance for the service of **£39k**.
- Whilst a significant growth in income has been achieved within Core Waste services (trade and garden waste), there have been additional disposal costs required for running the Trade waste service and additional costs required for running the domestic waste service. This has generated an overspend at the end of 2019/20 of **£244k**.

- Community Safety, Core Environmental operations and Environmental services management support have some small underspends on general supplies and services budgets along with temporary salary savings projected **£68k**.
- Trees and woodland management also have salary savings while the service is under review to possible use the funding towards external providers **£80k**

**Help me run a successful business (£17k over budget)**

The budgets within the strategic purpose include economic development, car parking, all licenses and costs associated with the town and other centres within the District.

- The projected overspend within car parks has been reduced due to one off savings on NDR and maintenance, outturn overspend is **£27k**
- There are small underspends within Economic & Tourism Development and Licences due to savings on supplies and services budgets not being required **£16k**

**Help me be financially independent (£38k over budget)**

The strategic purpose includes all costs relating to the support of benefits and the administration and delivery of Council Tax services and business rates in the District.

- Housing benefits includes a provision for bad debts on housing benefits overpayments. There was no budget for this in 2019/20 but we have now reflected this in the base budgets for 2020/21 **£62k**.
- Revenue & Benefits have staff vacancies within the team which will be addressed in a service review in 2020/21 **£23k**.

**Help me to live my life independently (£4k saving)**

There are a number of budgets relating to the delivery of the strategic purpose including; Lifeline, Community Transport and Disabled Facilities Grants.

- There are small variances on temporary staff vacancies and recruitment costs which net the overall variance for 2019/20 **£4k**.

**Help me find somewhere to live in my locality (£51k saving)**

The costs associated with homeless prevention, housing strategy and land charges are all included in the strategic purpose.

- Housing strategy and enabling services have an underspend due to salary savings and savings on other general supplies and services of **£46k**.
- Land charges have received additional income in the year and this is projected to continue until the year-end **£5k**.

**Provide Good things for me to see, do and visit (£28k saving)**

The majority of budgets within this purpose relate to Leisure and Culture services.

- There is an overspend of **£23k** within Business Development – Cultural due to receiving final bills on utilities for prior years on the old Leisure Centre.
- Parks and Events and Sports and Arts Development have a small underspend due to a staff vacancies and ensuring essential spend only and some other small underspends within Facilities management and Grant and donations on supplies and services budgets **£51k**.

**Enable others to work/do what they need to do (to meet their purpose) ( £314k saving)**

All support services and corporate overheads are held within the enabling purpose. These include; IT, HR, Finance, Management team and other support costs.

- There a saving within CMT due to salary savings **£104k**. The review of the Senior Management Team has now been agreed and this has been factored into the new year budget.
- Accounts & Financial Management, Financial Support and Professional Legal Advice & Services have salary savings due to vacancies. These are expected to be recruited to in the new financial year **£96k**.
- Facilities Management has underspends on supplies and services budgets not yet spent. Along with these savings we have also received a refund on Business Rates for Burcot lane Council House relating to prior years **68k**.
- ICT also have projected savings due to less than expected costs on Microsoft licences. There have also been some vacancies within ICT but are hoped to be recruited to by the year end **£35k**.

**Corporate Financing (£32k saving)**

- The is a variance in corporate financing due to a net impact of additional rate income offset by a contribution to reserves along with a shortfall on interest receivable income on investments **£32k**.

**3.5 SEP Grant (Strategic Economic Plan) - Bromsgrove Town Centre 2040 Vision**

The £40,000 grant from the Greater Birmingham and Solihull LEP (SEP Enabling Fund) will contribute towards to cost of preparing a long term vision for the Bromsgrove Town Centre. The work will include comprehensive engagement with key stakeholders, including businesses, residents and community groups, and will set out the strategic priorities and key interventions that will support the delivery of the town centre vision.

**4. Savings Monitoring**

- 4.1 The medium term financial plan included £332k of savings identified to be delivered during 2019/20 the breakdown of these savings is attached at appendix 2. £166k of these identified savings are in relation to a vacancy factor.

At the end of the financial year £355k of the £332k budget have been realised against the budgeted April to March 2019/20 savings.

In addition to the above officers have been required to find further savings throughout the financial year 2019/20. The additional savings found are £562k, £166k of these were allocated to the vacancy factor target. The remainder £396k have therefore been returned to balances.

**5. Cash Management**

- 5.1 The financial position in relation to borrowing at the start and end of the financial is shown in the table below:

<b>Date</b>	<b>£m</b>	<b>Position</b>
As at 31 <sup>st</sup> March 2019 (Actual)	13.5	Borrowing
As at 31 <sup>st</sup> March 2020	4.75	Borrowing

**5.2 Borrowing**

As at the 31<sup>st</sup> March 2020 there are £4.75m short term borrowings with associated borrowing costs within the quarter of £3.3k, there was no long term borrowing.

An interest payable budget had been set of £133k for 2019/20 due to expenditure relating to current capital projects.

**5.3 Investments**

At 31<sup>st</sup> March 2020 there were £2.0m investments held.

**6. Capital Budgets**

**Capital Budget summary  
Financial Year 2019/20 – Overall Council**

Please note figures have been rounded

<b>Strategic Purpose</b>	<b>Original Budget 2019/20</b> <b>£'000</b>	<b>Revised budget 2019/20</b> <b>£'000</b>	<b>Actual 2019/20</b> <b>£'000</b>	<b>Variance 2019/20</b> <b>£'000</b>
<b>Keep my place safe and looking good</b>	3,385	7,824	823	<b>-7,002</b>
<b>Help me run a successful business</b>	0	300	0	<b>-300</b>
<b>Help me to live my life independently</b>	950	1,574	1,074	<b>-500</b>
<b>Provide good things for me to see, do and visit</b>	170	1,714	1,400	<b>-314</b>
<b>Enable others to work/do what they need to do (to meet their purpose)</b>	10	479	261	<b>-218</b>
<b>Totals</b>	<b>4,515</b>	<b>11,981</b>	<b>3,558</b>	<b>-8,333</b>

**Finance commentary:**

**Keep my place safe and looking good**

Within this purpose includes the projects for investments purchase and the Burcot lane redevelopment

- The main variances for this strategic purpose relate to the following projects;
  - The Depot resurfacing work phase 2 project is to be delayed until 2020/21 due to demands in the engineering team. It is therefore requested to carry this budget forward to the new financial year.
  - The Burcot Lane development is expected to commence during 2020/21 and therefore budgets are requested to be carried forward from 2019/20.
  - There have been limited opportunities for investment properties during the year and therefore the budget will be requested to be carried forward into 2020/21.

**Help me run a successful business**

- The project for this strategic purpose relates to the OLEV/ULEV Taxi infrastructure scheme which is now expected to be completed in the new financial year due to unexpected delays.

**Help me to live my life independently**

- The underspend projected relates to a number of projects ;
  - Energy Efficiency installations. This fund has been unable to be spent this year due to the need to procure the energy advice service prior to restarting the Bromsgrove Energy Efficiency Fund. However the energy advice service has now been procured and has commenced in the final quarter of the financial year and will continue through to March 31<sup>st</sup> 2022.
  - Discretionary home repairs assistance is underspent which is due to a lack of applications being received despite advertising.
  - It will be requested to carry forward an underspend on the Disabled Facilities Grants due to delays in referrals from occupational therapists.

**Provide Good things for me to see, do and visit**

- One of underspend relates to the s106 project re-landscaping of Recreation ground – this is currently going through the tender/procurement process and is likely to commence towards the last end of the last quarter of 2019/20 it is therefore requested to be refiled into the beginning of 2020/21.
- The new birdbox scheme will also be requested to carry forward into the next financial year due to the project not being approved towards the later end of the financial year - although orders have now been raised.

**Enable others to work/do what they need to do (to meet their purpose)**

- The variance for this strategic purpose relates to the New Finance Enterprise System in Financial services which has now commenced. The project is expected to be completed by September 2020 and a request is made to carry the budget into the first half of 2020/21.

**6.1 Disabled Facilities Grants**

The request for approval of an increased budget £163k at **2.3** is due to confirmation of the Disabled Facilities Grant being not being distributed to all relevant authorities by the ministry of Housing, Communities and Local Government until 28<sup>th</sup> February 2020. An estimate at budget setting was used and therefore the additional £163k is now required to match the grant determination £913k for Bromsgrove District Council for 2019/20

**6.2 Environmental Services new IT system**

The request for approval of an increased budget £119k at **2.12** is to ensure that the Council's Environmental Services including Commercial Services are supported by a modern, fit for

purpose technical system. The proposal is to replace the existing PDMS system that is no longer fit for purpose with a new system that would enable Environmental Services to be more proactive, manage and arrange work to our assets, allow our customers to be specific in their reporting of issues using a map based system and enable us to have a better understanding of the cost of maintaining our assets and enable us to plan for the future.

There is currently agreed funding of £78k split evenly between Bromsgrove and Redditch and revenue uplift of £46k. Following detailed investigation it has become apparent that this initial funding projection will not be sufficient to procure and manage a suitable replacement IT system.

It is therefore requested that members recommend:

- Option 2 within the business case
- An uplift in the capital and revenue budgets to fund the difference between the existing money already approved and the proposed as detailed within the business case.

### **6.3 Dolphin Centre Demolition Costs**

The demolition budget as agreed by Members was £1.080m. The works incurred involved a number of other issues that were identified once the site was under demolition. These were not part of the initial contract tender as they were site issues that came to light during the works. These additional costs included; further secure fencing and railings, levelling and a significant amount of further extraction of concrete and ducts for the area once the pool was demolished and associated project management fees. The revised cost of £1.297m has resulted in a £217k overspend to the initial budget.

### **6.4 ULEV Taxi infrastructure scheme**

The request for approval of the additional match funding for £100k from a supplier is due to the contract value for the BDC taxi charging infrastructure being £400k. However the grant funding from government only covers 75% i.e. £300k. It was asked when going out to procurement that the Supplier would bring £100k match funding (which is an investment as they will get a return on that through the revenue that the charging points will generate over the 10 years of the contract to operate them).

### **6.5 S106 Bromsgrove Town Centre**

£5k is to be earmarked to supply essential infrastructure ( Circuit Breakers ) for Bromsgrove Town centre and Worcester Road Lighting Columns to ensure these columns that are used for Christmas lighting (and any other future temporary lighting) conform under new legislation. This will be from the Town Centre funding application 2009/0729 S106 Aldi/Sherwood road.

£8k is also to be earmarked for use for Worcester Road projects and schemes that improve the public realm. This is in regard to permanent lighting in Worcester Road to provide the businesses in the Worcester Road a separate identity during the evening. (Lighting and details to be confirmed with local business and Town Centre NWDR).

**6.6 Grant payable to BDHT**

Approval requested for £150k grant payable to BDHT (Bromsgrove District Housing Trust) is due to Cabinet resolving at its meeting on 1 February 2017 that any Capital receipt received from the repayment of the 30% Council ownership in the Bromsgrove Low Cost Housing scheme properties be ring-fenced to provide funding to assist the Council in meeting its Strategic Purpose "Help me find somewhere to live in my locality".

Officers are requesting that £150,000 grant is provided to Bromsgrove District Housing Trust for the provision on new affordable homes at the following

Lingfield Walk – 4 x 1 bed flats  
York Avenue – 3 x 1 bed house 2 x 2 bed house  
Hillcrest Road - 2 x 1 bed bungalow

The grant will be secured through a grant agreement requiring repayment of a percentage if a property is sold. The Council will also secure nominations to the properties through a nomination agreement requiring the occupiers are housed from the Council's housing register.

**7. Earmarked Reserves**

7.1 The position as at 31<sup>st</sup> March 2019/20 is shown in Appendix 1. This also details the planned use of the reserves for the future budget years 2020/21 and 2021/22.

**8. General Fund Balances**

8.1 The General Fund Balance as at the 31<sup>st</sup> March 2019 was £4.926m. A balanced budget was approved in February 2019 to include identified savings which have been built into individual budget allocations. This also included a planned use of balances for 2019/20 towards the demolition of the Dolphin centre and building of associated car parking.

Due to the virement of savings in year of £396k back to balances, 2019/20 underspend along with planned use, the current level of balances will therefore be £4.403m.

<b>Planned use</b>	<b>£'000</b>
Balance B/fwd	-4,926
Dolphin Centre demolition Costs	1,095
Sports Development – Active Kitchens	34
Sherwood Road industrial unit	22
Savings found in year	-396
Saving/Underspend from 2019/20	-231
Balance C/fwd	-4,408

**9. Legal Implications**

9.1 No Legal implications have been identified.

**10. Service/Operational Implications**

10.1 Managers meet with finance officers on a monthly basis to consider the current financial position and to ensure actions are in place to mitigate any overspends.

**11. Risk Management**

11.1 Effective budget monitoring supports any risks associated with the Council.

**APPENDICES**

Appendix 1 - Earmarked Reserves 2019/20

Appendix 2 - Savings Monitoring 2019/20

Appendix 3 – Capital Carry forwards

Appendix 4 – Capital programme incl carry forwards 2020/21

Appendix 5 – Environmental Business Case

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